

MEMORANDUM FOR  
Approved For Release 2005/08/03 : CIA-RDP79-00957A000100100048-7

*Earlier proposed  
amendments; rejected  
in favor of a single,  
more general exemption*

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PROPOSED AMENDMENTS TO S.3664, A BILL "TO AMEND THE SECURITIES EXCHANGE ACT OF 1934 TO REQUIRE ISSUERS OF SECURITIES REGISTERED PURSUANT TO SECTION 12 OF SUCH ACT TO MAINTAIN ACCURATE RECORDS, TO PROHIBIT CERTAIN BRIBES, AND FOR OTHER PURPOSES"

1. Insert at page 3 between line 17 and 18 the following:  
"Provided that nothing in this Section shall require the reporting, filing, or publication by an issuer, of any information which, pursuant to Executive Order or statute, has been clasified by an appropriate department or agency of the United States in the interests of national defense or foreign policy."

COMMENT: This language is derived from existing regulations of the Securities and Exchange Commission (see 17 C.F.R. 240.0-6, "disclosure detrimental to the national defense or foreign policy"), and is intended to protect classified technology and activities running to the national defense and conduct of national foreign affairs. This is not to be construed as creating a barrier to appropriate inquiry into classified activities and technology by Commissioners of the Securities and Exchange Commission to ensure reporting of material information by issuers and to prevent this exception from misuse or as a device to obscure illegal activities by issuers.

2. Paragraph 2 - change line 22 of paragraph (3) to read:  
"...indirectly, to materially falsify, or cause to be materially falsified, any book, record,..."

COMMENT: Existing statutes and regulations address reporting requirements in the context of data that is "material" thereby permitting management discretion as to particulars required to be reported, i.e. running to the economic viability of the issuer and his managerial integrity. As proposed, the bill creates an exactness which would result in significant adverse impact on the ability of the United States to conduct business relationships between the issuers and the Intelligence Community.

3. Insert at page 4, line 8, after the word "instrumentality" the following: "for the commercial benefit of the issuer"; and insert at line 10 in place of the word "assist" the following: "benefit commercially"; and insert at line 21 in place of the word "assist" the following: "benefit commercially"; and at page 5 in place of the word "assist" insert the following: "benefit commercially."

COMMENT: This amendment makes clear that officials of issuing corporations are not precluded from cooperating with appropriate departments or agencies of the United States in endeavors of interest to the national defense or foreign policy.

4. Insert at page 6, line 5, after the word "instrumentality" the following: "for the commercial benefit of the domestic concern"; insert at line 7 in place of the word "assist" the following: "benefit commercially"; insert at line 18 in place of the word "assist" the following: "benefit commercially"; and at page 7, line 8 in place of the word "assist" insert the following: "benefit commercially."

COMMENT: These amendments parallel those recommended to pages 4 and 5 of this bill addressing the publicly held corporations and run to private corporations and individuals which may undertake cooperation with appropriate departments or agencies of the United States in endeavors of interest to the national defense or foreign policy.